

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 IO-10 EURE-00 SP-02 AID-05 EB-07

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INFO AMEMBASSY BONN

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AMCONSUL LOURENCO MARQUES

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AMEMBASSY MADRID

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJ: PRESS CONFERENCE ON ECONOMIC AND SOCIAL PROGRAM

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REF: (A) LISBON 981 (NOTAL); (B) LISBON A-12 (NOTAL);

(C) LISBON 5266/74 (NOTAL)

SUMMARY: PRESS CONFERENCE HELD FEBRUARY 24 TO EXPLAIN ECONOMIC AND SOCIAL PROGRAM. MAJOR MELO ANTUNES AND COLLEAGUES EMPHASIZED GRADUAL "PEACEFUL" REFORM OF PLAN, CONTINUED ROLE FOR A CONTROLLED PRIVATE SECTOR, CHANGE IN CONSUMPTION PATTERNS TOWARD COLLECTIVE NEEDS, AND NEED FOR EXTERNAL DEVELOPMENT FINANCING. PROGRAM IS DESIGNED TO ESTABLISH "RULE OF GAME". ALLEGED FACTORY AND LAND OCCUPATIONS WERE DISCUSSED. NO WAGE FREEZE IS FORESEEN. END SUMMARY.

2. PRESS CONFERENCE WAS HELD FEBRUARY 24 TO EXPLAIN ECONOMIC AND SOCIAL PROGRAM (REFTEL (A)) PUBLISHED LAST WEEK. GOVERNMENT PANEL WAS HEADED BY MINISTER WITHOUT PORTFOLIO MAJOR MELO ANTUNES, WHO HAS GENERAL COORDINATING RESPONSIBILITY FOR ECONOMIC AFFAIRS WITHIN PROVISIONAL GOVERNMENT. PANEL ALSO INCLUDED ECONOMIC, FINANCE, SOCIAL SERVICES, AND MASS COMMUNICATIONS MINISTERS, AND SECRETARY OF STATE FOR PLANNING. ABOUT 75 PORTUGUESE AND FOREIGN JOURNALISTS (WITH A SPRINKLING OF DIPLOMATS) ATTENDED.

3. CONFERENCE BEGAN WITH HALF-HOUR TALK BY ANTUNES, FOLLOWED BY QUESTIONS AND ANSWER PERIOD IN WHICH ALL PANEL BUT NEW MASS COMMUNICATIONS MINISTER PARTICIPATED. HIGHLIGHTS OF CONFERENCE:

A. "CONTRACT OF PROGRESS"- ECONOMIC AND SOCIAL PROGRAM IS RESULT OF A "CONTRACT OF PROGRESS" MADE WITHIN GOVERNMENT BETWEEN ARMED FORCES MOVEMENT (AFM) AND POLITICAL PARTIES. IT IS AN "IDEOLOGICAL PROGRAM" IN SENSE THAT IT IS DESIGNED TO BRING ABOUT NEW ECONOMIC SYSTEM MATCHING POLITICAL ONE ALREADY BUILT. BUT IT IS A NON-DOGMATIC AND NON-SECTARIAN MODEL OF ECONOMIC DEVELOPMENT WHICH DOES NOT INTEND TO COPY ANY SOCIALIST MODEL CURRENTLY IN EXISTENCE.

B. "REVOLUTIONARY REFORMISM"-PROGRAM IS BASED ON GRADUAL "REVOLUTIONARY REFORMISM". IT DOES NOT INVOLVE ANY VIOLENT TRANSFORMATION OF ECONOMY. ANTUNES EMPHASIZED NEED FOR SERENITY AND PATIENCE IN THE "NECESSARILY LONG" PERIOD OF PEACEFUL TRANSITION FROM CAPITALISTIC SYSTEM TO A SOCIETY "IN WHICH SOCIALISM IS PREVALENT." PROGRAM ITSELF IS BASICALLY TO COVER LIMITED OFFICIAL USE

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A PERIOD THREE YEARS.

C. "CURTAILMENT OF POWER"-ANTUNES POINTED OUT THAT IN A SOCIETY LIKE THE PORTUGUESE IT WOULD NOT BE REALISTICALLY POSSIBLE TO DISPENSE WITH PRIVATE INITIATIVE. MIDDLE CLASS IN PARTICULAR COULD HAVE EXTREMELY IMPORTANT ROLE IN CONSTRUCTION OF A NEW SOCIETY. SILVA LOPES ADDED THAT THE COUNTRY COULDN'T LIVE WITHOUT THESE BIG COMPANIES. BUT IT IS

NECESSARY TO CURTAIL POWER WHICH HAS BEEN USED SCANDALOUSLY BY THESE BIG MONOPOLISTIC GROUPS, AND KEEP THEM FROM CONTINUING TO DOMINATE PORTUGUESE ECONOMIC AND SOCIAL LIFE. CONTROL OF THESE GROUPS BY PUBLIC SECTOR AND END OF THEIR SPECIAL PRIVILEGES WILL FULFILL ANTIMONOPOLISTIC STRATEGY OF AFM PROGRAM.

D. "CONSUMPTION STANDARDS,"-MINISTER OF SOCIAL AFFAIRS MARIA DE LOURDES PINTASSILGO OUTLINED NEW CRITERIA FOR CONSUMPTION. PRIORITY WILL BE GIVEN TO "COLLECTIVE NECESSITIES," THUS LIMITING THE RANGE OF CHOICES. ONE OBJECT WILL BE TO "NOT LOSE IN CONSUMPTION THAT WHICH COULD BE UTILIZED IN INCREASING PRODUCTION." GENERAL PRINCIPLE WILL BE "PRE-DOMINANCE OF BEING OVER HAVING." INCREASED TAXES HAVE ALREADY BEEN USED TO DISCOURAGE LUXURY CONSUMPTION; OTHER METHODS ARE CURRENTLY UNDER STUDY. BUT PRIMARILY SUCCESS OF EFFORT TO RESTRICT CONSUMPTION WILL DEPEND ON CONFIDENCE OF PEOPLE AND THEIR COMPLIANCE.

E. "FINANCING-FINANCE MINISTER JOSE DA SILVA LOPES EXPLAINED THAT CURRENT FINANCIAL DIFFICULTIES AND LACK OF PRIVATE INVESTMENTS ARE AT LEAST PARTIALLY DUE TO WORLD ECONOMIC CRISIS. HE SAID THE GOVERNMENT CAN EXPECT TO OBTAIN ONLY ABOUT DOLS 200 MILLION IN ADDITIONAL INTERNAL SAVINGS AT MOMENT (AMOUNT CURRENTLY BEING SOUGHT THROUGH "TITULOS DE TESOURO" CAMPAIGN (REPAIR (B)). ADDITIONAL FINANCING WILL HAVE TO COME FROM ABROAD; GOVERNMENT IS CURRENTLY EXPLORING POSSIBILITIES OF FOREIGN LOANS AT RELATIVELY FAVORABLE TERMS, UNLIKE TERMS OF DOLS 150 MILLION LOAN OBTAINED LAST YEAR FROM AMERICAN BANKS.

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F. FACTORY "OCCUPATIONS"- QUESTIONS ABOUT APPARENT
RECENT WAVE OF WORKER OCCUPATIONS OF FACTORIES EVOKED SOMEWHAT
CONTRADICTORY RESPONSES. SILVA LOPES AGREED THAT LABOR CLIMATE
THAT HAS ARISEN "IN RECENT WEEKS AND MONTHS" IS NOT FAVORABLE.
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WHILE NEVER SPECIFICALLY REFERRING TO OCCUPATIONS, HE STRONGLY
CONDEMNED ACTIONS BY "WILDCAT"GROUPS TRYING TO CREATE ANARCHY
AND HAMPER PRODUCTION, AS OPPOSED TO ACTIONS BY "CONSCIENTIOUS
WORKERS" CONTRIBUTING TO THE COUNTRY'S DEVELOPMENT. HOWEVER,
ANTUNES LATER AVERRED THAT THERE HAD NOT BEEN ANY CASES
OF OCCUPIED FACTORIES. THERE HAD ONLY BEEN CASES WHERE
ADMINISTRATION HAD BEEN TAKEN OVER BY WORKERS BECAUSE OF
MANAGEMENT INCOMPETENCE OR OTHER REASONS, UNTIL THE GOV-
ERNMENT COULD INTERVENE. HE SAID THE GOVERNMENT WOULD INTER-
VENE SWIFTLY, AND SITUATION OF GREAT MAJORITY OF COMPANIES
WILL BE IMPROVED. THE GOVERNMENT IS INTERESTED IN FINDING
SOLUTION WHERE THE WORKERS PARTICIPATE IN MANAGEMENT.

G. "RULES OF THE GAME"-ANTUNES SAID THAT PROGRAM WAS
DESIGNED TO DEFINE CLEARLY, WITHOUT AMBIGUITIES, THE "RULES OF
THE GAME," AND TO CREATE NEEDED CLIMATE OF CONFIDENCE. IT
WILL HELP TO CLARIFY THE POSITIONS BETWEEN ENTREPRENEURS AND
WORKERS. SECRETARY OF STATE FOR PLANNING VICTOR CONSTANCIO
POINTED OUT THAT GOVERNMENT IS PREPARING CLEARER DEFINITION

OF CRITERIA FOR GOVERNMENT INTERVENTION IN PRIVATE ENTERPRISES UNDER DECREE-LAW 660/74 (REFTEL (C)), IN ORDER TO MAKE MORE DIFFICULT ACTION BY EXTREMIST GROUPS (SUCH AS THOSE CITED SUBPARA F. ABOVE). ANTUNES EMPHASIZED THAT THE PROGRAM'S "RULES" WERE EVOLVED WITHOUT ANY CONTACT WITH BIG FINANCIAL/ECONOMIC POWERS, WHICH WOULD HAVE BEEN AGAINST THE "INDEPENDENCE OF GOVERNMENT IN RELATION TO ECONOMIC POWER." IN HIS OPINION THEY PROBABLY WILL NOT APPROVE OF THE PLAN.

H. AGRARIAN REFORM- CONSTANCIO STATED THAT ANNOUNCED 50 HECTARE LIMIT FOR LAND HOLDING UNDER PROPOSED AGRARIAN REFORM WAS ONLY "INDICATIVE." ACTUAL LIMITS WOULD DEPEND UPON IRRIGATION POTENTIAL, TYPE OF LAND, AND OTHER FACTORS. ECONOMICS MINISTER RUI VILAR WAS QUOTED BY THE PRESS AS SAYING THAT THERE HAD BEEN NO OCCUPATION OF LAND IN THE ALENTEJO --ONLY "DISTRIBUTION, WILL HELP OF TECHNICIANS AND UNIONS, OF UNEMPLOYED WORKERS THROUGHOUT UNCULTIVATED LANDS." HOWEVER, AT PRESS CONFERENCE HE SAID ACTIONS WERE BEING TAKEN IN CASES EITHER WHERE PRODUCTION WAS LOW BECAUSE OF INCOMPETENCE, OR WHERE LAND WAS UNCULTIVATED.

I. WAGE POLICY-ACCORDING TO CONSTANCIO, THERE WILL LIMITED OFFICIAL USE

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BE NO WAGE FREEZE THIS YEAR. BUT HE EMPHASIZED THAT IT WILL NOT BE POSSIBLE TO REPEAT THE GREAT WAGE INCREASES OF LAST YEAR. THE OBJECT WILL BE TO MAINTAIN PRESENT LEVELS FOR HIGHER SALARIES, WHILE "IMPROVING THE CONDITION" OF THOSE AT LOWER LEVEL. A NATIONAL COUNCIL OF COST OF LIVING WILL BE ORGANIZED BASED ON EXISTING STRUCTURES.

J. MISCELLANY- ASKED ABOUT HOW THE FUTURE INSTITUTO DE PROMOCAO INDUSTRIAL (I.P.I.), COORDINATOR OF GOVERNMENT ENTERPRISES, WILL DIFFER FROM ITALIN I.R.I., CONSTANCIO SAID THE DIFFERENCES WILL BE BOTH IN ORIENTATION AND PHILOSOPHY. THE INSTITUTO WILL INVOLVE NOT MERELY STATE FINANCING BUT STATE CONTROL. RUI VILAR STATED THE PROGRAM WILL BE A CHALLENGE TO PORTUGUESE TECHNICIANS. THERE ARE ALREADY A NUMBER OF GOOD ONES WITHIN GOVERNMENT, AND IT IS POSSIBLE TO REQUISITION OTHERS FROM PRIVATE SECTOR. A PUBLIC SECTOR "MANAGEMENT COURSE" WILL ALSO BE CREATED. NEW RELATIONS WITH THIRD WORLD WILL PROVOKE ALTERATIONS IN MEANS OF PRODUCTION. COMPLIANCE WITH PLAN, ACCORDING ANTUNES, WILL DEPEND UPON "LOYALTY" OF PARTIES TO "CONTRACT OF PROGRESS." ASKED WHAT ORGAN WOULD GUARANTEE SUCH COMPLIANCE, ANTUNES SAID THAT WOULD HAVE TO BE THE SUBJECT OF ANOTHER PRESS CONFERENCE.

4. COMMENT: COVERAGE GIVEN BY PRESS TO MAIN POINTS OF PRESS CONFERENCE DIFFERED CONSIDERABLY, WITH SOME APPARENT RELATION TO IDEOLOGICAL DIFFERENCE BETWEEN PAPERS. COMMUNIST -DOMINATED

O SECULO AND DIARIO DE LISBOA, FOR EXAMPLE, FAILED TO MENTION
QUESTION OF LAND AND FACTORY TAKEOVERS, OR ANY CONDEMNATION
OF RADICAL GROUPS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, GOVERNMENT REFORM, PRESS CONFERENCES, ECONOMIC PROGRAMS, SOCIAL CHANGE
Control Number: n/a
Copy: SINGLE
Draft Date: 26 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LISBON01069
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750067-1139
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750211/aaaaajuz.tel
Line Count: 281
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 LISBON 981, 75 (NOTA LISBON A-12
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by KelleyW0>; APPROVED <19 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS CONFERENCE ON ECONOMIC AND SOCIAL PROGRAM LIMITED OFFICIAL USE
TAGS: ECON, PINT, SOCI, PO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006